

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

WATER DIVISION

RESOLUTION W-5204

November 7, 2019

RESOLUTION

(RES. W-5204) SIERRA PARK WATER COMPANY. ORDER AUTHORIZING A GENERAL RATE INCREASE PRODUCING AN ADDITIONAL ANNUAL REVENUE OF \$100,284, OR 55.20%, FOR TEST YEAR 2019 TO BE PAID BY RATEPAYERS.

SUMMARY

By Advice Letter (AL) 4-W filed on January 29, 2019, Sierra Park Water Company (Sierra) seeks a general rate increase producing additional annual revenues of \$108,187, or 54.50%, to recover increased operating expenses.

This Resolution grants Sierra an increase in gross annual revenues of \$100,284,¹ or 55.20%, for Test Year (TY) 2019, which is estimated to provide a Rate of Margin (ROM) of 23.65%. A monthly bill for an average residential customer for flat rate service will increase from \$45.42 to \$75.23, or 65.60% over a period of two years as shown below.

Sierra proposes to phase this increase over a two-year period as follows:

<u>Monthly Present Rates:</u>	<u>TY-2019</u>	<u>Year One Increase</u>
\$45.42	\$61.98	\$16.56, or 36.50%
<u>2019 Effective Rates:</u>	<u>EY-2020</u>	<u>Year Two Increase</u>
\$61.98	\$75.23	\$13.25, or 21.40%

¹ Water Division's percentage is higher than Sierra's percent increase due to an error in the utility's calculation.

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Test Year 2019 (TY-2019) rates should be effective upon adoption of this Resolution and shall remain in effect for minimum of 12 months.

Escalation Year 2020 (EY-2020) rates may be filed by a Tier I advice letter after 12 months, as specified in this resolution.

The revenues and the provisions of the two-year phase in is shown in Appendix B of this Resolution.

Memorandum and Balancing Accounts

Sierra seeks authority to transfer the balances in the following memorandum accounts authorized in Decision (D.) 16-01-047 to balancing accounts:

- 1) The balance of \$58,051 as of December 31, 2018 in the Legal Expense Memorandum Account to a Legal Expense Balancing Account and amortize the balance quarterly within two years with a surcharge of \$21.09 every quarter.
- 2) The balance of \$70,810 as of December 31, 2018 in its Engineering Consultant Surcharge Memorandum Account to an Engineering Consultant Surcharge Balancing Account within two years with a surcharge of \$25.73 every quarter.
- 3) The balance of \$443 as of December 31, 2018 in the Unanticipated Repair Cost Memorandum Account (URCMA) to a balancing account within two years with a surcharge of \$0.32 every quarter.

Although Sierra requests that amounts in the Legal Expense Memorandum Account, and the Engineering Consultant Surcharge Memorandum Account be transferred to balancing accounts, no such balancing accounts have been authorized. Accordingly, Sierra must request by advice letter to establish appropriate balancing accounts for these charges.

Similarly, Sierra requests that an amount of \$443 in “unexpected charges”² be included in an appropriate balancing account. However, as explained above no such balancing account has been authorized, and furthermore it is unclear how this amount was incurred, and how it has been recorded in an account.

² Sierra states that it erred in its advice letter and intended this to be worded as the Unanticipated Repair Cost Memorandum Account (URCMA).

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In order to proceed with Sierra's general rate increase request without unduly delaying Commission approval, it is recommended that Sierra file a Tier 3 Advice Letter that requests recovery of the various memorandum accounts and requests authority to establish the necessary balancing accounts. The matter was discussed with Sierra and the utility concurs with this recommendation. Accordingly, Sierra's request for transferring the amounts in the Legal Expense and Engineering Consultant Surcharge Memorandum Accounts should be denied without prejudice.

We note that in making its request for memorandum account recovery, Sierra has the burden of meeting the following criteria required for memorandum account recovery:

- 1) The utility acted prudently when it incurred these costs;
- 2) The utility paid reasonable amounts for these costs;
- 3) The memorandum account costs are not covered by other authorized rates; and
- 4) It is appropriate for ratepayers to pay for these costs in addition to otherwise authorized rates³.

BACKGROUND

Sierra has requested authority under General Order (G.O.) 96-B, Water Industry Rule 7.3.3(5), and Section 454 of the Public Utilities Code to increase its water rates by \$108,187, or 54.5%, for TY 2019, which is estimated to provide a ROM of 24.00%.

AL-4 is Sierra's first general rate case since its establishment as an investor-owned water utility. The present rates were established in Decision No. D.16-01-047, dated January 28, 2016, which authorized a Certificate of Public Convenience and Necessity (CPCN).

Sierra is a Class D investor-owned water utility with 344 flat rate service connections providing service in the area northeast of Sierra Village, off of Highway 108 in Tuolumne County. The community consists mainly of seasonal and intermittent residents, as most of the residences are vacation homes, a clubhouse, and an irrigation service area.

³ see e.g., Ordering Paragraph 5 of Res. W-4824

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Refunds Owed to Customers

D. 16-01-047, Ordering Paragraph (O.P.) No. 3 ordered Sierra to refund its ratepayers for overcharges to lot owners between 2012, and the present. The remaining balance owed to ratepayers is deducted from operating revenues as shown in Appendix A of this Resolution to account for these revenues.

System Description

Sierra's water system is a small public water system with two wells, six storage tanks, and a distribution system serving 344 service connections. The system operator conducts monthly water sampling and maintenance is performed by a contractor.

The water system is supplied by two groundwater wells. Well No. 5, constructed in 1986, is 350 feet in depth, and operates with a 10 horsepower (hp) pump. Well No. 6 was constructed in 1996, is 403 feet in depth, and operates with a 15 hp pump. The well flow rate is approximately 150 gallons per minutes when both wells are operating.

Each well is located at the lower section of the community and pumps directly into the distribution system and the storage tanks. The wells are operated manually by the system operator who monitors the tank levels and alternates the wells. Each well is equipped with a flow meter to record water usage which is recorded by the system operator on a daily basis.

There are total of six (6) storage tanks located in the two areas at the highest elevation of the community. The primary storage is located at Site No. 1 consisting of a welded steel tank with a capacity of 210,000 gallons. Site No. 2, primarily backup storage, consists of one (1) 43,000 gallon bolted steel tank and four (4) 12,500 gallon welded steel tanks which were constructed in 1999 and provides sufficient source capacity to meet the systems maximum day demand.

The distribution system consists of approximately six miles of four-inch diameter mainline piping, and approximately 1,200 linear feet of two-inch diameter mainline piping. Mainline isolation valves and fire hydrants are located throughout the system and are routinely exercised and inspected.

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NOTICE AND PROTESTS

In accordance with G.O. 96-B, Sierra served a copy of AL 4-W to its service list on January 29, 2019. A notice of the proposed rate increase was mailed to each customer and to the general service list on April 26, 2019.

There were 27 protests received mostly opposing the increase and stating that some of the customers are retired, living on a fixed income, or rely upon Social Security as a primary source of income. These protests address an important topic and although no affordability of rates criteria has been developed or adopted in any Commission Decision or Resolution, the Commission has been proactive in exploring the possibility of expanding the low-income rate assistance program for all water investor-owned utilities (IOUs).

Additionally, one comment was received by a long term property owner in support of the rate increase indicating that the aging system was in need of repair and upgrades in the interest of current and future customers.

The manager of water system, Bill Ordwein, responded in writing to each protest and provided a copy of each response to the Water Division (WD). Furthermore, to mitigate the magnitude of the rate increase, this resolution recommends to phase in the rate increase over a period of two years.

DISCUSSION

In reviewing Sierra's rate increase request, the WD made an independent analysis of the utility's rate increase request and its operations. Appendix A provides Sierra's and WD's estimated Summary of Earnings (SOE) at present, requested, and recommended rates, which is further discussed below.

Operating Revenues

Operating revenues consists of (1) Unmetered Revenue, (2) Other Water Revenue, discontinuing service for merged lots, and (3) Revenue Deductions. The revenue deductions are mandated by Ordering Paragraph No. 3(b) per Decision D.16-08-006. The total amount ordered to be refunded was \$109,432 as unapproved charges prior to the CPCN being established.

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Operating Expenses

Sierra calculated operating expenses based upon a three-year average reported in its 2015 through 2017 annual reports yielding \$195,902. This differs from WD's calculation for operating expenses at present rates using different inflation factors. The WD reviewed operating revenue and expenses including purchased power, employee labor, materials, transportation expenses, plant maintenance, office salaries, office supplies and expenses, professional services, general expenses, depreciation, and taxes other than income. To forecast the operating expenses for TY 2019, The WD verified the operating expenses by reviewing Sierra's annual reports of 2016 through 2018 and supporting documents for substantiation and accuracy. Then, WD analyzed each of Sierra's operating expense accounts based upon the utility's recorded costs over the three year period from 2015 through 2017 and included the amounts that were deemed reasonable and prudent.

Management Salaries

Sierra requests \$40,000 in management salaries for an operations manager. The essential functions of this position consist of compliance filings with state regulatory agencies, as well as daily operations of overseeing the water system including operations of pumping stations, storage facilities, and the distribution system at an estimated hourly rate of \$40 per hour. WD reviewed the management salaries and the essential functions of the operations manager and finds the proposal reasonable.

Professional Services

Sierra requests \$24,780 in professional services for engineering consulting services. This includes a licensed professional engineer to work in concert with a subcontractor pertaining to design of future capital projects. WD reviewed the expenses for professional services and finds the proposal reasonable.

Uncollectable Accounts

The WD concurs with Sierra that uncollectable accounts are reasonably estimated at approximately 0.3% of total revenue.

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Taxes

The WD applied the 2018 corporate tax rates for Federal and State income at 21% and 8.84% respectively. The tax calculations are shown in Appendix D.

Plant Additions and Ratebase

There are no requested additions to plant or ratebase since the CPCN was authorized. The WD concurs with the utility's average plant and accumulated depreciation.

Rate of Return vs. Rate of Margin

Sierra has requested a Rate of Margin (ROM) of 24.00%. Two methods are available for the Division to utilize in the rate-making process: (1) Rate of Return (ROR) and (2) ROM. In Resolution W-4524, dated March 17, 2005, the Commission adopted a revised set of standard practices for determining the profit for Class C and D water utilities using the ROR and ROM methods. Both methods are to be used. Per Decision 92-03-093, dated March 31, 1992, Division must recommend the method that produces the higher revenues. In the ROM method, the utility's revenue requirement is defined as the sum of its operating and maintenance expenses, depreciation, income and other taxes, multiplied by the ROM. This method gives the small water utilities the opportunity to earn a more reasonable and appropriate revenue requirement when the utility has "little rate base". If only the ROR method was used, a utility with little or no ratebase would earn little or no return. The Division recommended ROR is 10.40% to 11.40% for a Class D utility. Division has recommended a ROM of 23.65% for Class D water utilities.⁴ Applying a ROR of 11.40% yields a net revenue of \$10,771 versus \$53,957 when applying a ROM. This comparison of the two methods indicates that the ROM method produces a higher revenue requirement; therefore, Division recommends the ROM method at 23.65%.

Rates and Rate Design

Sierra's rate structure consists of two rate schedules: Schedule No. 1, General Metered Service and Schedule No. 2, Residential Flat Rate Service. At the recommended ROM, the increase in revenues will be \$100,284 or 55.20% by 2020. Although all service connections are residential flat rate service, general metered service rates have been included for future metered customers.

⁴ Water Division Memorandum entitled "Rates of Return and Rates of Margin for Class C and Class D Water Utilities" dated February 25, 2019.

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Sierra's test year and escalation rates phased will be in over a two-year period. Test Year (TY) 2019 rates are effective upon adoption of this resolution and are to be effective for a minimum of 12 months. Escalation Year (EY) 2020 rates may be filed by a Tier I advice letter after 12 months. The provisions of the two-year period phase in are shown in Appendix B of this Resolution.

The rates proposed by the WD are shown in Appendix C of this Resolution.

Comparison of Water Bills

At the recommended rates for the two-year phase in of rates, a monthly bill for an average residential flat rate customer will increase from \$45.42 to \$61.98, or 36.50% in year one, and from \$61.98 to \$75.23, or 21.40.% in year two. A comparison of customer bills at present and recommended rates is provided in Appendix D.

<u>Water Utility Rate Comparison</u>				
<u>Utility</u>	<u>Monthly Metered</u>			<u>Flat Rate</u>
	<u>Charge for 5/8-inch Service</u>	<u>Charge For 10 CCF</u>	<u>Annual Total</u>	<u>Annual Total</u>
Sierra Park Water Co.				\$734.00
Tuolumne Utilities District	\$60.50	\$19.20	\$956.40	
Twain Harte CSD	\$61.50	\$18.79	\$963.53	
Sonora Water Company	\$37.80	\$41.00	\$945.60	

Affordability of Proposed Rates

At Division's recommended rates shown in Appendix B, the average bill for a residential flat rate customer will increase from \$45.42 to \$75.23 or 65.60%. Sierra is located in the 95346 zip code in Tuolumne County where the annual median household income (MHI), for the zip code is \$71,805.⁵ The proposed rate, accordingly, would be 1.26% of the respective MHI.

It should be noted that no affordability criteria have been developed and adopted in any Commission Decision or Resolution. The Commission, however, adheres to cost-of-service regulatory principles in developing rates for its jurisdictional utilities, the

⁵ Source: [2012-2016 American Community Survey 5-Year Estimates](#)

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Division's recommended rates for Sierra are at the minimum required to satisfy the utility's technical, managerial and financial capacity, and operational capability. The discussion regarding affordability is presented, nonetheless, to indicate to the Commission the relationship between the proposed rates and the local incomes.

SAFETY

Safety for water utilities considers a multitude of factors such as water quality, system design, operation and maintenance, and service. Among the highest safety priorities for the Commission is ensuring that water utilities serving water for human consumption provide water that is not harmful or dangerous to human health.

The WD communicated with the State Water Resources Control Board, Division of Drinking Water (DDW) Merced District Office and was provided with a copy of the 2017 Sanitary Survey Inspection report, and a 2015 compliance order for a review of the manganese monitoring results for two of the utility's wells. In 2015, Sierra's wells exceeded the secondary drinking water standard for manganese levels.

Sierra responded to the compliance order, as required, and customers are being notified each quarter as required and Sierra is taking the appropriate steps taken to resolve the manganese exceedance. DDW will be proceeding with formal enforcement in the form of a compliance order and will likely require Sierra to return to compliance within three years. Sierra is therefore attempting to secure state funding to address these matters. As manganese is a secondary drinking water standard, the levels reported do not pose an immediate health threat. Sierra has not applied for state funding as the utility is ineligible until one-third of the plant design has been completed. Therefore, Sierra will provide for the initial funding.

COMPLIANCE

Decision (D.) 16-01-047, Conclusion of Law No. 18 states the following:

In its next general rate case filing, [Sierra] should document in a declaration under penalty of perjury all efforts in has made with the District to transfer or discuss a transfer of water services to the District. This includes the dates of any meetings with the District, the participants in the meetings, and a detailed summary of the content of the meetings.

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Sierra has sufficiently provided WD with engineering status updates, meeting notes and minutes from September 2017 to present, written correspondences with the Tuolumne Utilities District, and correspondences with the CPUC in compliance with the above.

Sierra has no outstanding Commission compliance orders and has been filing annual reports as required.

COMMENTS

Public Utilities Code section 311(g)(1) requires that a proposed resolution be served on all parties, and be subject to a public review and comment period of 30 days or more, prior to a vote of the Commission on the resolution.

Accordingly, this proposed resolution was mailed to the utility and its service list, and made available for public comment on October 4, 2019.

No comments were received.

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FINDINGS

1. The Summary of Earnings (Appendix A) recommended by the Water Division (Division) is reasonable and should be adopted.
2. The rates recommended by the Division (Appendix C) are reasonable and should be adopted.
3. The quantities (Appendix E) used to develop the recommendations of the Division are reasonable and should be adopted.
4. The water rate increase authorized herein is justified and the resulting rates are just and reasonable.
5. Sierra Park Water Company (Sierra) should be allowed to file a supplement Advice Letter No. 4-W to incorporate the rate schedules attached to this Resolution (Appendix C), and to concurrently cancel its presently effective Rate Schedules. The effective date of the revised rate schedules should be 5 days after the date of filing.
6. The request to transfer the balance of \$58,051 as of December 18, 2018 in the Legal Expense Memorandum Account and to establish a Legal Expense Balancing Account should be denied, without prejudice.
7. The request to transfer the balance of \$70,810 as of December 31, 2018 in its Engineering Consultant Surcharge Memorandum Account and to establish an Engineering Consultant Surcharge Balancing Account should be denied, without prejudice.
8. The request to transfer the balance of \$443 as of December 31, 2018 in its Unanticipated Repair Cost Memorandum Account and to establish a Balancing Account should be denied, without prejudice.
9. Test Year 2019 (TY-2019) rates should remain in effect for minimum of 12 months in accordance with this Resolution.
10. Escalation Year 2020 (EY-2020) rates may be filed by a Tier I advice letter after 12 months, in accordance with this Resolution.

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THEREFORE, IT IS ORDERED THAT:

1. Sierra Park Water Company's request to transfer amounts in the Legal Expense Memorandum Account, the Engineering Consultant Surcharge Memorandum Account, and the Unanticipated Repair Cost Memorandum Account to balancing accounts is denied without prejudice.
2. Authority is granted under the Public Utilities Code Section 454, for Sierra Park Water Company to file a supplement to Advice Letter 4-W to incorporate the rate schedules attached to this Resolution as Appendix C, and concurrently cancel its presently effective rate Schedules: Schedule No. 1, General Metered Service and Schedule No. 2R, Residential Flat Rate Service. The effective date of the revised schedules shall be five days after the date of filing.
3. Test Year 2019 (TY-2019) rates shall remain in effect for minimum of 12 months in accordance with this Resolution.
4. Escalation Year 2020 (EY-2020) rates shall be filed no sooner than 12 months of the TY-2019 rates being in effect.

This resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed, and adopted at a conference of the Public Utilities Commission of the State of California held on November 7, 2019; the following Commissioners voting favorably thereon:

/s/ ALICE STEBBINS

ALICE STEBBINS

Executive Director

MARYBEL BATJER

President

LIANE M. RANDOLPH

MARTHA GUZMAN ACEVES

CLIFFORD RECHTSCHAFFEN

GENEVIEVE SHIROMA

Commissioners

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APPENDIX A SIERRA PARK WATER COMPANY Summary of Earnings – Test Year 2019

	Sierra Park Water Co.		Water Division	
	Present Rates	Requested Rates	Present Rates	Recommended Rates
Operating Revenues				
Metered Revenue	\$ -	\$ -	\$ -	\$ -
Unmetered Revenue	\$ 201,147	\$ 306,590	\$ 201,147	\$ 310,543
Other Water Revenue	\$ 1,965	\$ 2,948	\$ 1,965	\$ 2,948
Less: Revenue Deductions	\$ (21,291)	\$ (31,385)	\$ (21,291)	\$ (31,385)
Total Revenue	\$ 181,822	\$ 278,153	\$ 181,822	\$ 282,106
Operating Expenses				
610 Purchased Water	\$ -	\$ -	\$ -	\$ -
615 Purchased Power	\$ 8,245	\$ 8,531	\$ 8,739	\$ 8,739
618 Other Volume Related Expenses	\$ -	\$ -	\$ -	\$ -
630 Employee Labor	\$ 34,116	\$ 42,316	\$ 42,316	\$ 42,316
(Labor Capitalized)	\$ -	\$ -	\$ -	\$ -
640 Materials	\$ 360	\$ 366	\$ 570	\$ 570
650 Contract Work	\$ 17,766	\$ 18,387	\$ 19,601	\$ 19,601
(Water Testing)	\$ 2,244	\$ 2,650	\$ 2,650	\$ 2,650
660 Transportation Expenses	\$ 1,194	\$ 1,249	\$ 1,914	\$ 1,914
664 Other Plant Maintenance	\$ 17,947	\$ 18,039	\$ 18,182	\$ 18,182
670 Office Salaries	\$ -	\$ -	\$ -	\$ -
671 Management Salaries	\$ -	\$ 40,000	\$ 40,000	\$ 40,000
674 Employee Pensions and Benefits	\$ 6,489	\$ 3,731	\$ 3,844	\$ 3,844
676 Uncollectable Accounts	\$ 323	\$ 850	\$ 850	\$ 850
678 Office Services and Rentals	\$ 290	\$ 304	\$ 469	\$ 469
681 Office Supplies and Expenses	\$ 2,412	\$ 2,516	\$ 2,591	\$ 2,591
682 Professional Services	\$ 50,933	\$ 24,780	\$ 24,780	\$ 24,780
684 Insurance	\$ 25,388	\$ 26,276	\$ 26,276	\$ 26,276
688 Regulatory Compliance Expense	\$ -	\$ 3,032	\$ 3,032	\$ 3,032
689 General Expenses	\$ 2,761	\$ 2,876	\$ 2,876	\$ 2,876
Total Expenses	\$ 170,469	\$ 195,902	\$ 198,689	\$ 198,689
Total Deductions				
403 Depreciation	\$ 2,698	\$ 4,340	\$ 4,340	\$ 4,340
408 Taxes Other Than Income	\$ 7,784	\$ 4,153	\$ 4,153	\$ 4,153
409 State Income Taxes	\$ 8,892	\$ 9,034	\$ 8,892	\$ 6,623
410 Federal Income Taxes	\$ 31,256	\$ 19,564	\$ 31,256	\$ 14,343
Total Deductions	\$ 221,098	\$ 232,993	\$ 247,330	\$ 228,149
Net Revenue	\$ (39,276)	\$ 45,160	\$ (65,508)	\$ 53,957
Ratebase				
Average Plant	\$ 48,531	\$ 72,796	\$ 72,796	\$ 72,796
Average Accumulated Depreciation	\$ 3,929	\$ 10,263	\$ 10,263	\$ 10,263
Net Plant	\$ 44,602	\$ 62,533	\$ 62,533	\$ 62,533
Less:				
Advances for Construction	\$ -	\$ -	\$ -	\$ -
Contributions in Aid of Construction	\$ -	\$ -	\$ -	\$ -
Plus:				
Construction Work in Progress	\$ -	\$ -	\$ -	\$ -
Working Cash	\$ 9,958	\$ 18,521	\$ 9,958	\$ 32,387
Materials and Supplies	\$ 386	\$ 1,157	\$ -	\$ -
Total Ratebase	\$ 54,946	\$ 82,211	\$ 72,491	\$ 94,920
Rate of Margin	-17.76%	24.00%	-26.49%	23.65%

END OF APPENDIX A

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APPENDIX B SIERRA PARK WATER COMPANY Test Year 2019 and Escalation Year 2020

Adoption of Sierra's test year and escalation rates phased in over a two-year period:

<u>Monthly Present Rates:</u>	<u>TY-2019</u>	<u>Year One Increase</u>		<u>Revenues</u>
\$45.42	\$61.98	\$16.56, or 36.50%		\$231,964
<u>2019 Effective Rates:</u>	<u>EY-2020</u>	<u>Year Two Increase</u>		<u>Revenues</u>
\$61.98	\$75.23	\$13.25, or 21.40%		\$282,106

Test Year (TY) 2019 rates are to be effective for a minimum of 12 months in accordance with this Resolution.

Escalation Year (EY) 2020 rates may be filed by a Tier I advice letter after 12 months in accordance with this Resolution.

END OF APPENDIX B

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APPENDIX C SIERRA PARK WATER COMPANY

Schedule No. 1
GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered service.

TERRITORY

The area northeast of Sierra Village, off of Highway 108 in Tuolumne County.

RATES

Quantity Rate:

All Water used per 100 cu. Ft.	\$4.84	(N)
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Service Charge:

Per Meter Per Quarter

For 5/8 x 3/4 inch meter	\$180.42	(N)
For 3/4-inch meter	\$270.62	
For 1-inch meter	\$451.04	
For 2-inch meter	\$902.08	(N)

The Service Charge is a readiness-to-serve charge which is applicable to all metered service and to which is added the charge for water used computed at the above Quantity Rate billed annually.

SPECIAL CONDITIONS

1. All bills are subject to the reimbursement fee set forth in Schedule No. UF.

(continued)

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APPENDIX C SIERRA PARK WATER COMPANY

Schedule No. 2R
Residential Flat Rate Service

APPLICABILITY

Applicable to all flat rate residential water service furnished on a quarterly basis.

TERRITORY

The area northeast of Sierra Village, off of Highway 108 in Tuolumne County.

RATES

Per Service Connection Per Quarter (C)

For each single-family residential unit and
Unimproved vacant lots:

For Year TY-2019	\$185.93	(I)
For Year TY-2020	\$225.69	(I)
For discontinuing service for merged lots	\$473.00	(I)

The above does not include any applicable government recording fees which are the responsibility of the owner.

SPECIAL CONDITIONS

1. All bills are subject to the reimbursement fee set forth in Schedule No. UF.

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APPENDIX D SIERRA PARK WATER COMPANY

Comparison of Rates
Test Year 2019

Residential Flat Rate Service	Per Service Connection Per Quarter		
	<u>Present Rates</u>	<u>Proposed Rates</u>	<u>Percent Increase</u>
For Year TY-2019	\$136.25	\$185.93	36.50%
For Year EY-2020	\$185.93	\$225.69	21.40%

END OF APPENDIX D

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APPENDIX E (Page 1/2) SIERRA PARK WATER COMPANY ADOPTED QUANTITIES Test Year 2019

Expenses:

1. Purchased power (Electric)		
	Total cost (\$)	\$8,739
2. Purchased Water		N/A
3. Insurance Expense		\$26,276
4. Number of Service Connections:		
	Flat Rate	344
5. Total Water Sales-Metered Customers		12,857 Ccf

(cont.)

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APPENDIX E (Page 2/2) SIERRA PARK WATER COMPANY ADOPTED QUANTITIES Test Year 2019

Line No.	Item	State Tax	Federal Tax
1.	Operating Revenue	\$282,106	\$282,106
2.	O & M Expenses	\$198,689	\$198,689
3.	Taxes Other Than Income	\$ 4,153	\$ 4,153
4.	Interest Expense	\$ -	\$ -
5.	Taxable Income for State Tax	\$ 74,923	
6.	State Tax	\$ 6,623	
7.	Taxable Income for FIT		\$ 68,300
8.	Federal Income Tax		\$ 14,343
9.	Total Income Tax		\$ 20,966
	California Corporate Franchise Rate	8.84%	
	Federal Income Tax Rate Flat Rate	21%	

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SIERRA PARK WATER COMPANY ADVICE LETTER NO. 04-W SERVICE LIST

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PROPOSED RESOLUTION

Resolution W-5204
WD

November 7, 2019

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